

## Brits Abroad



Mention the term “Brits abroad,” and images flash up of stag nights in Magaluf, football thugs at the World Cup, or retired criminals living it up in the Costa del Sol—with a full stock of baked beans, of course.

However, more and more young people, particularly those in professional or managerial positions, are opting to move abroad on a permanent basis. This leads to concerns of a “brain drain” in the UK, as up to one in six of its graduates decide to live and work abroad. Surveys have shown that the main reasons for the desire to leave British shores include a better quality of life, experiencing other cultures, better weather, and the high cost of living in the UK. This tallies up with the fact that the UK housing market is becoming increasingly saturated and expensive.

Due to the 2007 EU accession, Europe is experiencing great political and economic stability and predictability. This, combined with the investment-grade rating of the UK, guarantees that interest in

residing and investing outside of the country will continue to grow steadily.

Latest figures show that one in ten British citizens, around 5.5 million, are living permanently overseas, though more than half of British people have considered emigrating at some point in their lifetime. The most popular destinations do still tend to be Australia and Spain, followed by English-speaking countries such as the U.S., Canada and New Zealand—although there is a growing trend for movements to the rising economies of the Middle East and Asia. And interestingly, research has shown that only a small proportion of British living permanently in Barbados and Jamaica are retirees.

Not all is plain sailing, though. Complex legal environments in Europe—particularly surrounding property purchases—have left many Britons penniless and with nothing but broken dreams to show for years of hard work. While British people may also have a head start in the U.S. due to favourable relations and without the language barrier, many of those same people are envious of the benefits they left behind in the NHS, particularly those for whom medical care is now a priority.

The challenge for the UK—as a country with a truly global outlook and with centuries of people moving in and out—is to harness its economic and political potential to ensure it does not lose its key talent.

## Abu Dhabi: No Place Like Home

Abu Dhabi, seen by many as the shoppers’ paradise, is apparently not a haven when shopping for accommodation. Populated by 1.8 million people in 2006—80% expatriates—Abu Dhabi is one of the richest cities in the world. However, the city’s population far surpasses the original estimated maximum population when it was designed, thus making it difficult to find places to live.

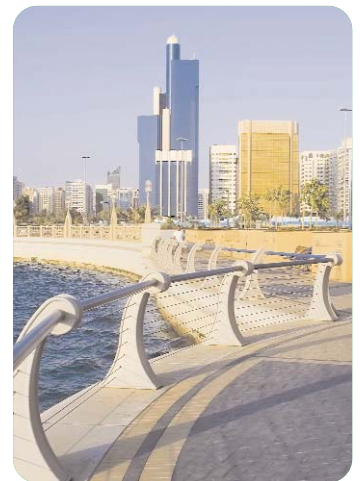
This year, there is a projected supply of 1,100 housing units, and demand for 21,900 units, according to research from real estate agents Colliers International and Dubai-based investment bank Shuaa Capital. It comes as no surprise, then, that the annual rent inflation is at 20-30 per

cent. Landlords are expected to be in a position of power for at least the next two years, because although the Abu Dhabi Chamber of Commerce is investing \$140 billion in real estate, supply is not forecasted to catch up with demand until 2009, and then only if development schedules are kept. When we look at neighbouring countries, such as Dubai, we quickly see that this is unlikely, especially in an environment where there is a serious shortage of materials and labour. As the continual migration of nationals from rural area to the city increases, so does the pressure on this already tenuous schedule.

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## European Works Council: Is it finally something more than exchanging views and establishing a dialogue with employee representatives?



The high-profile and controversial 2006 merger between two of France's leading energy companies, Gaz de France and Suez, was halted in November following the French Court of Appeal's decision that consultation with the European Works Council had not been satisfactorily carried out. The Court ruled that the board of Gaz de France could not confirm its merger with Suez until the company's EWC had met and delivered its opinion on the proposals.

Although an official reference to the EU's European Court of Justice is yet to be submitted, it is possible that key questions relating to the duration and quality of the consultation with the EWC will be put forward. Without a doubt, the answers to these questions—which are central to defining the limits and objectives of consultation at the European level—will be keenly awaited by all companies

with EWC-type processes, irrespective of the governing jurisdiction of the agreement.

Among the issues considered by the French court were the duration of the consultation period, the quality of the consultation process, and the need to convene the full EWC (not just the EWC's select committee). From the employers' perspective, it is important to know that several meetings of Gaz de France's EWC had taken place during 2006 to address the merger, and that the company's select committee (comprising of a designated group of EWC employee representatives) had also been convened.

*For more information about ORC's support on European employee relations matters and corporate social responsibility, please contact Fiona Webster on [fiona.webster@orcworldwide.co.uk](mailto:fiona.webster@orcworldwide.co.uk).*

## Economic freedoms or labour rights: Which has primacy in the EU?

The European Court of Justice is set to address two important cases this year that will test whether employment protection issues come secondary to the EU's key principles of free movement of services, capital and labour. Both cases raise issues about employee terms and conditions and the relative competitive advantages that lower-cost Member States enjoy against those Member States with higher labour costs.

The first case concerns a Latvian-based building company which won a tender to carry out repair work to a school located in Sweden. The company sent Latvian workers temporarily to Sweden to work on the project, but their terms and conditions were not covered by the Swedish collective agreement applying to the construction sector, as the company was not in membership of the employer's organisation. The Swedish construction union boycotted the company, later securing the support of other Swedish unions. The company eventually brought a case to the Swedish labour court asking it to declare the boycott illegal. The court declined to issue a judgment, believing that key issues of European employment law were raised by the situation.

Those key issues raised are firstly, whether unions can lawfully take boycott action when that effectively prevents a company from exer-

cising its freedom to provide services in another EU Member State, and where there is no requirement in Swedish law for collective agreements to apply to all workers. Secondly, the ECJ has been asked to address the compatibility of Swedish laws on strikes with the EU's freedoms to provide services, and to determine which has primacy.

The second reference to the ECJ concerns the decision by a Finnish-owned shipping line to re-flag one of its ferries operating between Helsinki, Finland and Tallin, Estonia as an Estonian vessel. This change would have resulted in replacement of the Finnish crew with Estonian sailors on lower terms and conditions. Again, this issue addresses head-on the matter of whether employment conditions have primacy over economic freedoms. The UK's Court of Appeal (a case was backed by the London-based global union, the International Transport Workers' Federation) has now referred the matter to the ECJ.

*For more information about ORC's employee relations support to companies—including peer networks of employers and consulting advice—please contact Fiona Webster ([fiona.webster@orcworldwide.co.uk](mailto:fiona.webster@orcworldwide.co.uk)).*

## Abu Dhabi

*Continued from page 1.*

Despite those problems, one can't help but notice that this city is covered with eye-catching architecture and beautiful parks, and has sunny blue skies throughout the year—not to mention the fact that it is located in the oil-rich UAE and offers many opportunities to expatriates. It is easy to understand why some may want to take the plunge in Abu Dhabi, regardless of the overwhelmed housing market.

## Expatriate Data for Harare Suspended

Clients who subscribe to Harare should note that as of 23 February 2007, ORC Production has suspended publishing expatriate data for Harare, Zimbabwe until further notice. According to recent data, Harare's inflation rate continues at a pace of nearly 1600% annually while the FX is pegged at 250 to the U.S. dollar. Since there has been no occurrence of exchange rate devaluation, our indexes are climbing to a level that does not seem realistic. We are now seeing indexes from the U.S., South Africa and Australia above 500. There is a black market exchange rate in Harare, which is approximately 9550:US\$. However, the use of the black market rate is illegal and does not yield meaningful results, as the U.S. index would fall to about 14.

The pricing itself has been carried out effectively and the agents have been very responsive. Nevertheless, the price ratios for several items to home countries like the U.S. to Harare are ranging from 10 to 35, while ratios for other items are in the range of 4.0 to 9.0. It generally appears that the economic situation is out of control.

*Please contact your ORC consultant if you would like any further information on the above.*

## Important Information Regarding Travellers to Belgium

The Belgian Social Security Administration has instructed that international business travellers working more than five consecutive days during a single month in Belgium are now required to register with the country prior to entry. ORC is yet to receive much information on this matter and encourages those who think they may be affected to visit <http://www.limosabe.be/>, where employers are also able to register on behalf of travellers.

## A Cultural Breakfast

Do you have a large expatriate population or a workplace where many people work alongside other cultures? While culture can often be the barrier to team interaction and success, it can easily be an enabler, instead. With just a few simple tools, culture can boost the efficiency of a team, add an international dimension to your talent management processes, and maximise the effectiveness of international assignments. Come have breakfast with us and learn how multicultural businesses have successfully implemented web-based intercultural learning to maximise their successes.

*RW<sup>3</sup> in coordination with ORC Worldwide, will be hosting a hot topics breakfast meeting on 19 June at 8.30am in central London. For further details, please contact [catherine.mcmnamenin@orcworldwide.co.uk](mailto:catherine.mcmnamenin@orcworldwide.co.uk) +44 207 591 5600.*

## Struggling To Fill Your International Assignment Management Roles?



As expatriate workforces continue to expand, it is becoming even more important for organisations to maintain the highest levels of customer service and service delivery to both business units and their expatriate populations.

JAM Mobility Solutions have established a specialist relocation recruitment service to assist organisations recruit within this niche area of HR. Areas covered include:

- International assignments, global mobility and expatriate management
- Domestic relocation
- Expatriate taxation, compensation and payroll
- Immigration
- Business development

JAM Mobility Solutions have the experience and resources to provide you with a range of recruitment options including advertised selection, search and selection, contingency recruitment, media search, and outsourced recruitment solution. With such a range, JAM Mobility Solutions can tailor the approach to provide the best fit for your needs.

*If you would like to hear more about how JAM Mobility Solutions can add value to your recruitment process, please contact Andy Shaw on 0845 056 0037 or [a.shaw@jammobility.co.uk](mailto:a.shaw@jammobility.co.uk), or visit [www.jammobility.co.uk](http://www.jammobility.co.uk).*

## New On-Line Market Pricing System

As you know, our Global Compensation practice has the capability to provide market salary data for virtually any role in any market around the world. Our global reach allows us unprecedented access to market-related compensation and benefit data, from established markets through to developing and third-world markets.

Did you know that you can request these market pricings at the click of a button via our new on-line pricing system? Navigational text is provided throughout for easy use. You can access the system using the link below:

<http://dynasurv.orcww.com/GCOMP/login.asp>

Once you have registered, access to the system is obtained via your email address and unique password which you choose online. You can then request one of our three standard market pricing reports, and the system will ensure you include all the necessary details to provide for accurate results:

- Level A – Cash Compensation (£295)
- Level B – Cash Compensation plus Benefit Prevalence (£425)
- Level C – All elements of Level B plus a Summary of Employer Social Insurance Charges and an Estimation of Total Employment Costs (£525)

*If you have any questions on the system and our market pricing services, contact: [gcompuk@orcworldwide.co.uk](mailto:gcompuk@orcworldwide.co.uk) or call 44 20 7591 5600 for European, Middle East, African, and Asia/Pacific market pricings; Ivor Mulligan at [ivor.mulligan@orcww.com](mailto:ivor.mulligan@orcww.com) or call 1 212 852 0402 for Canada, U.S., and Latin America pricings.*

# Thinking of a break in Europe?

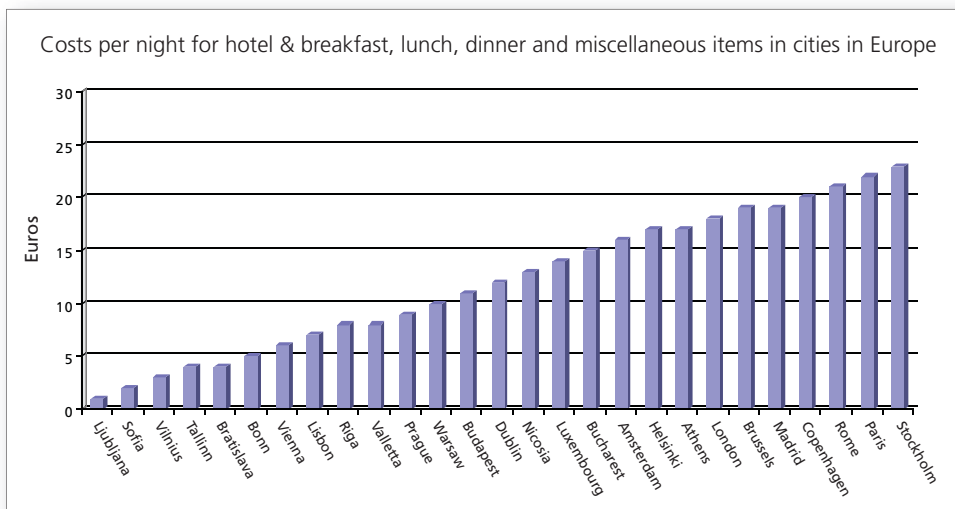
With the EU constantly expanding and travel across Europe becoming increasingly common, it is interesting to see how vastly different costs can be between neighbouring countries. In this article we examine the expenses of a stay in the capital cities of Europe, including hotel, meals and miscellaneous items. The data provided below is based on ORC's Business Travel Allowances, available for almost 300 locations and ideal when costing or budgeting for your organisation's essential work travel.

Stockholm and Paris are the most expensive cities to spend a night

in, whilst Ljubljana and Sofia are, at the other end of the scale, the places to go for a cheaper break or business trip.

If you fancy just a lunch in one of the above cities, the cheapest place to go would be Sofia and the costliest city is London. If an afternoon meeting leaves you famished, dinner can be had most cheaply in Ljubljana, while diners in Copenhagen can expect to pay the highest rates on the continent.

*For further information on the ORC Business Travel Allowance please contact your ORC consultant or email [icssupport@orcworldwide.co.uk](mailto:icssupport@orcworldwide.co.uk).*



## Repatriating International Assignees – How Employers Address the Challenge

As international assignments continue to be an increasing strategic tool for companies globalising their operations, the topic of repatriation raises a number of issues that employers worldwide are faced with, including the overall planning process and who within the company will oversee that process.

From the expatriates' perspective, the most important factors are the impact that the assignment may have on their career prospects, and making the best use of the experience and skills earned while abroad. Their decision to remain with the same company is greatly influenced by the way in which the company decides to use their newly acquired skills and experience even if their job is guaranteed upon return.

Some of the questions that need to be considered by companies when repatriating their assignees have been addressed in ORC Worldwide's 2006 Worldwide Survey of International Policies and Practices:

- *How much advance notice is provided to an expatriate prior to repatriation?* Almost 40 per cent of the companies surveyed reported that timing varies, with 28 per cent of companies allowing between three to six months, and 18 per cent up to three months as advance notice
- *Does your company guarantee a job on repatriation?* Almost half of the companies do not guarantee a job for repatriated assignees,

while 34 per cent may do so depending on what jobs are available. Repatriated employees may also obtain employment at the same level within 17 per cent of the companies surveyed.

- *Who within the company has primary responsibility for handling repatriation?* The HR department assumes this role on a centralised (31% of companies) and decentralised basis (22%). The business unit takes responsibility for managing the repatriation process within 22 per cent of the companies.
- *What kind of assistance does the company provide to assist with repatriation?* Half of the respondent companies assist repatriated assignees through networking and home-leave visits during assignments, while 32 percent of companies do not provide any assistance. Other means of helping the employee upon repatriation, as reported in the survey, include: information services to keep the employee informed of home-country developments, financial assistance, mentoring programmes, debriefing/knowledge transfer sessions, re-acculturation sessions and further job education.

*For further information on Repatriation or the 2006 Worldwide Survey of International Policies and Practices contact Narcisa Chelaru on [narcisa.chelaru@orcworldwide.co.uk](mailto:narcisa.chelaru@orcworldwide.co.uk) or +44 (207) 591 56 00*

# Local Labour Markets Challenge Global Rewards Programmes

When members of ORC's Global Rewards Meeting Group (GRMG) met in London in March, the focus was very much on local challenges. Although many companies are striving for consistency in grading systems and compensation philosophy across the corporation, it is evident that local economic conditions, customs, and culture must have an impact on how these play out in any given market. India and China on the one hand and Eastern Europe on the other are cases in point.

As the two Asian economies continue to develop energetically, staff retention is the number one challenge for HR professionals in the region. High turnover has put HR and compensation professionals under the gun to find creative ways to retain employees. Aggressive salary increases, far outstripping inflation in both markets (see tables below), exacerbate the problem.

INDIA	Merit Increases		Consumer Price Index (CPI)	
	2006	2007	2006	2007
Executive	12.0%	12.0%	5.6%	5.3%
Managerial	12.0%	12.0%	5.6%	5.3%
Clerical	12.0%	12.0%	5.6%	5.3%

Source: ORC Worldwide's Local National Salary Increase Survey – Autumn 2006

CHINA	Merit Increases		Consumer Price Index (CPI)	
	2006	2007	2006	2007
Executive	7.9%	7.6%	1.5%	3.2%
Managerial	8.0%	7.8%	1.5%	3.2%
Clerical	8.0%	7.8%	1.5%	3.2%

Source: ORC Worldwide's Local National Salary Increase Survey – Autumn 2006

As a result of the attractive salaries and almost unbridled opportunity, there is an influx of national employees returning to their countries of origin after gaining work experience abroad. Nevertheless, the demand for skilled workers and managerial talent far outstrips the supply. GRMG companies are responding to these pressures by offering more non-monetary incentives, such as education, technology, cross-training, and courses in languages such as Spanish and English.

The big issue shared by organisations entering or already established in Eastern Europe is market data, or, more correctly, the lack of it. Finding reliable and accurate data specific to the appropriate organi-

sational sector or geographic location is extremely difficult for this region. Poland is an example where geographical data is critical. Organisations are now locating outside of the capital, making regional pay differences more contentious than ever before. ORC presented data at the meeting that gave participants a useful guide to current pay levels for benchmark roles in Eastern European countries.

The developed markets present their own challenges. In the UK, concern about retaining key talent has increasingly led organisations to formalise their reward strategies and to link merit increases and variable payments to individual performance. One hallmark of many of these new strategies is open communication with employees about principles of base pay, variable pay, and also benefits, which have taken on a significant role. Many organisations have introduced or revamped childcare schemes, bicycle loans, paternity policy, annual leave, and private healthcare coverage.

In the U.S. market, the majority of GRMG members are moving towards a "total rewards" model that includes the traditional elements of compensation plus everything else that the employee values in the employment relationship. As a result, employers are investing in training, career development, non-cash recognition awards and work/life flexibility. At the same time, they are decreasing their investment in long-term reward vehicles such as stock plans and retirement benefits.

Clearly, the Group's discussions demonstrate that, while the labour market may be global in the sense of mobility and availability of talent, employers cannot ignore local conditions when making decisions about remuneration and other rewards. The biggest challenge GRMG members support one another in facing is how to meld local solutions with a rational, equitable, and strategically aligned corporate-wide HR strategy.

For more information about these issues or the Global Rewards Meeting Group, contact Paul Coleman on [paul.coleman@orcworldwide.co.uk](mailto:paul.coleman@orcworldwide.co.uk) or +44 (0)20 7591 5600.

## Domestic and International Compensation – A Foundation Workshop

In addition to the already large suite of roundtable meeting groups and seminars conducted by ORC on an annual basis, we will now be holding a new workshop covering recent trends in domestic and international compensation.

This workshop has been designed to address requests from organisations for in-house training and advice on general compensation data and structures in new and emerging markets.

It will be a great opportunity for individuals to understand and compare the variety of approaches to compensation that currently exist across the globe, and will be of particular interest and benefit for compensation analysts who are developing into a wider international role, or human resource professionals looking to expand their international compensation knowledge.

The workshop will focus on the following markets:

- Western Europe – UK
- Middle East – United Arab Emirates
- Eastern Europe – Russia
- Asia – India and China

As well as providing an overview of the latest trends in compensation in these markets, the workshop will also provide up-to-the-minute market data for a number of benchmark roles – always valuable information for compensation professionals.

Delegates will also have the opportunity to request information on specific markets not mentioned above, or raise questions relevant to their particular organisation and/or circumstances beforehand. Time will be put aside to ensure these can be discussed during the day, and to allow attendees to network with each other.

The workshop will take place on Wednesday 20 June 2007 in Central London. The fee for attendance is £400 per delegate and will include comprehensive material and lunch. A discount of 50% will be given to additional delegates from the same organisation.

For more information about this workshop, contact Christine Theofilou at [christine.theofilou@orcworldwide.co.uk](mailto:christine.theofilou@orcworldwide.co.uk) or on +44 (0)20 7591 5602.

## International Food Quiz

Summer is a time for fun, breaks in the sun, and outdoor festivals. As we all plan our summer holidays and jet around the globe, here is a short quiz on foods from around the world.

Please answer as many of the following questions as possible, and send an email with your answers and address to: [info@orcworldwide.co.uk](mailto:info@orcworldwide.co.uk)

The prize will be one of our usual great surprise gifts. Good luck!

- Which vegetable is named after the Latin for 'large pear'?
  - Potato
  - Onion
  - Carrot
  - Turnip
- When were apples introduced to New York by Europeans?
  - 1700s
  - 1600s
  - 1800s
  - 1900s
- In what year was McDonald's founded?
  - 1924
  - 1948
  - 1976
  - 1982
- In what country were the first tomato plants planted?
  - America
  - Greece
  - India
  - Romania
- What is the only continent on which rice is not grown?
- Which herb is known as yerba buena ('the good herb') in Mexico?
  - Parsley
  - Mint
  - Oregano
  - Coriander
- What is another name for chick pea?
  - Broad bean
  - Garbanzo bean
  - Snow peas
  - Pinto beans

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## Dates for your diary

### International Assignment Meeting Dates

#### European Expatriate Policy Forum

Network for high level peers in the global international assignments arena  
18-19 October – Barcelona

#### UK Expatriate Forum

For those responsible for managing UK outbound assignments  
5 July – London  
3 October – London

#### Basic Seminar

Training in basic aspects of expatriate data management

27 June – London  
12 September – Switzerland  
6 November – London

### Employment Policy Meeting Dates

#### International Social Labour Affairs Forum

Network for those responsible for employment policy and labour relations  
14-15 November – Brussels

### Global Compensation Meeting Dates

#### International Remuneration Meeting Group

Executive compensation group for group compensation representatives  
11-12 October – Boston

#### Global Reward Meeting Group

European-based senior HR professionals' forum on global compensation issues

12 July – London  
18 October – London

### Equality & Diversity Meeting Dates

#### Vanguard Equality & Diversity Group

For private sector equality and diversity professionals

14 June – London  
1 November – London

#### Breakthrough Equality & Diversity Group

For public sector equality and diversity professionals

10 October – London

#### Global Diversity Forum (alongside the Global Talent Management Forum)

HSBC hosting  
25-26 September – London

### Other Meetings

#### Creating a Global Mindset—Breakfast Meeting

ORC & RW<sup>3</sup>

19 June – London

#### Talent Management—The International Challenge

ORC & Deloitte

10 October – London

**Congratulations  
Maddalena Chiarello!**

of JT International S.A.

*The winner of our Europe quiz.*

*One of the latest iPod Shuffles  
is on its way to you! Enjoy!*